



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
DIVISION OF MENTAL RETARDATION SERVICES  
ANDREW JACKSON BUILDING, 15<sup>TH</sup> FLOOR  
500 DEADERICK STREET  
NASHVILLE, TN 37243**

July 28, 2006

Dear Provider of Medical Residential Services:

The Centers for Medicare and Medicaid Services recently approved amendments to the Medicaid Home and Community Based Services (HCBS) waiver programs through which community services are provided to individuals with mental retardation. This letter will provide clarification regarding how Individual Support Plans (ISP's) and Cost Plans will be handled. A table of the waiver changes is enclosed.

Effective July 1, 2006, the definition of Medical Residential Services was revised:

1. To clarify that a Medical Residential Service home shall have no more than four (4) residents; and
2. To require the Medical Residential Services provider to be responsible for the cost of any Day Services needed by the service recipient. (The Medical Residential Services reimbursement rate has been increased to reflect the additional responsibility for providing Day Services.)

Since the waiver service definition of Medical Residential Services now includes the responsibility for any needed Day Services (i.e., facility-based, community based, and supported employment), cost centers for less than 24-hour-per-day Medical Residential Services have been inactivated and can not be used. Existing policy already required the Medical Residential Services provider to be responsible for the cost of nursing care needed by a service recipient who is receiving Medical Residential Services (which would now be 24 hours per day).

While this memo focuses on the process for handling changes resulting from the amendments to the Medicaid HCBS waivers, the same policies would apply to equivalent services state-funded by DMRS. The specific cost centers for the state-funded services, however, are not addressed in this memo.

If you have any questions, you may contact Denine Hunt, Director of Operations, at (615) 532-6540.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stephen H. Norris".

Stephen H. Norris  
Deputy Commissioner

SHN:wlm

Enclosure

CC: Denine Hunt  
Larry Latham, Ph.D.  
Joanna Damons  
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Paula McHenry  
Pat Nichols  
Kathleen Clinton  
John Craven  
Cate Newbanks  
Karen Carothers

| Waiver Service   | Cost Center    |                    |                  | Service Unit | Maximum Rate | Comment  |
|--|----------------|--------------------|------------------|--------------|--------------|--|
|  | Statewide      | Self Determination | Arlington        |              |              |  |
| Medical Residential Services - Level 5<br>Rate 1 - Individual                | 6J715<br>6K715 | N/A                | 6J715Q<br>6K715Q | Per day      | \$727.00     | Effective July 1, 2006, Day Services can not be approved as a separate waiver service when the person is receiving Medical Residential Services. By previous policy, Nursing Services are not approvable as a separate waiver service when the person is receiving Medical Residential Services. |
| Medical Residential Services - Level 5<br>Rate 1 - Individual (Out of State) | Pending        | N/A                | Pending          | Per day      | \$727.00     |  |
| Medical Residential Services - Level 5<br>Rate 2 - 2 People                  | 6J725<br>6K725 | N/A                | 6J725Q<br>6K725Q | Per day      | \$546.61     |  |
| Medical Residential Services - Level 5<br>Rate 2 - 2 People (Out of State)   | Pending        | N/A                | Pending          | Per day      | \$546.61     |  |
| Medical Residential Services - Level 5<br>Rate 3 - 3 People                  | 6J735<br>6K735 | N/A                | 6J735Q<br>6K735Q | Per day      | \$415.13     | For dates of service on or after July 1 2006, if an approved Cost Plan includes Day Services or Nursing Services for the same date of service as Medical Residential Services, the Regional Office must manually cancel the existing waiver Cost Plan for the Day Services or Nursing Services.  |
| Medical Residential Services - Level 5<br>Rate 3 - 3 People (Out of State)   | Pending        | N/A                | Pending          | Per day      | \$415.13     |  |
| Medical Residential Services - Level 5<br>Rate 4 - 4 People                  | 6J745          | N/A                | 6J745Q           | Per day      | \$304.35     |  |
| Medical Residential Services - Level 5<br>Rate 4 - 4 People (Out of State)   | Pending        | N/A                | Pending          | Per day      | \$304.35     |  |